

**CHARTER TOWNSHIP
OF
ROYAL OAK**

ANNUAL REPORT

DECEMBER 31, 2007

Auditing Procedures Report

[Reset Form](#)[Email](#)

Issued under Public Act 2 of 1968, as amended.

Unit Name	Township of Royal Oak	County	OAKLAND	Type	TOWNSHIP	MuniCode	
Opinion Date-Use Calendar	Jun 28, 2008	Audit Submitted-Use Calendar	Jun 30, 2008	Fiscal Year-Use Drop List	2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue: \$ 1,330,129.00

General Fund Expenditure: \$ 1,516,933.00

Major Fund Deficit Amount: \$ 0.00

General Fund Balance: \$ 15,179.00

Governmental Activities
Long-Term Debt (see
instructions):

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Richard	Last Name	Jones	Ten Digit License Number					
CPA Street Address	20500 Eureka	City	Taylor	State	MI	Zip Code	48180	Telephone	+1 (734) 284-9779
CPA Firm Name	Richard	Unit's Street Address	21313 Garden Lane	City	Ferndale	LU Zip	48220		

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RC JONES & CO.

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL CORPORATION

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Taylor, Michigan 48180
(734) 284-9779
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Independent Auditor's Report

To the Charter Township Board
Charter Township of Royal Oak
21131 Garden Lane, 2nd Floor
Ferndale, MI 48220

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of Royal Oak as of and for the year then ended December 31, 2007 which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards, generally accepted in the United States of America and the standards applicable to financial audits contained in Government Audits Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of Royal Oak as of December 31, 2007 and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted accounting in the United States of America.

The administration's discussion, analysis and budgetary comparison information on pages 3 through 10 and pages 33 through 49 are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter Township of Royal Oak's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in the relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "R C Jones & Co". The signature is written in a cursive, flowing style.

June 28, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Charter Township of Royal Oak's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2007. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's net assets decreased by \$602,747. The governmental net assets decreased by \$402,083 and the business-type net assets increased by \$200,664
- Of the \$1,049,246 reported in net assets, \$323,120 may be used to meet the ongoing obligations to citizens and creditors (unrestricted net assets).
- At the end of the fiscal year, the Township's governmental funds reported a combined ending fund balance of \$331,923, a decrease of \$394,444 from the previous year. Of this fund balance, approximately 100% is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, the unreserved undesignated fund balance for the General Fund was \$15,179

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to the financial statements.

The financial statement's focus is on both the Township as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow users to address relevant questions, broaden a basis for comparison (interpreted or intergovernmental) and enhance the Township's accountability. This report also contains supplementary information in addition to the basic financial statements which further explains and supports the information presented in these statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances. The Statement of Net Assets and the Statement of Activities are designed to be corporate-like in that all the governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. These statements should help the reader to answer the question: Is the Township, as a whole, better off or worse off as a result of this year's activities. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are recognized regardless of when cash is received or paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The focus of the Statement of Net Assets is designed to be similar to the bottom line results for the Township and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations (total economic resources). This statement presents all of the Township's assets and liabilities, with the difference between the two reported as "net assets." Over time, increases and decreases in net assets may indicate whether the Township's financial position is improving or deteriorating. However, in order to assess the overall health of the Township, non-financial factors such as the Township's property tax base and condition of the Township's infrastructure may also need to be considered.

The Statement of Activities is focused on both the gross and net cost of the various activities (governmental, business-type, and component unit) which are supported by the Township's general tax and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various governmental services and/or the subsidy to various business-type activities and/or component units. This statement shows how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying events occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both statements report two activities:

1. *Governmental Activities:* Most of the Township's basic services (i.e., police, fire, public works, parks, etc) are reported under this category. Taxes and intergovernmental revenues generally fund these services. The Township's governmental activities include general government, police, fire, building and safety, public works, recreation and culture, library, community enrichment and development, road maintenance and repair and tax refund.
2. *Business-Type Activities:* The Township charges fees to customers to help cover all or most of the cost of certain services it provides. The Township operates one business-type activity that reflects private sector type operations: Water and Sewer service.

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. These statements provide more detailed information about the Township's most significant funds (Major Funds), not the Township as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Township uses to maintain control over resources that have been segregated for specific activities or objectives. In addition to major funds, the Township presents individual fund data for non-major funds in the supplementary information section. All of the funds of the Township can be divided in three categories: governmental, proprietary, and fiduciary. Each category uses different accounting approaches.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Governmental Funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund statements are presented on a modified accrual basis, which focuses on the near-term sources and use of available resources. This is the manner in which the budget is typically developed. The Township establishes Funds for various purposes, and the Fund Financial Statements allow the demonstration of sources and uses and/or budgetary compliance associated therewith. Governmental Funds include the General Fund, special revenue funds, capital project funds, and debt service funds.

The focus of governmental funds (current financial resources) is narrower than that of the government-wide financial statements (total economic resources). Therefore, the reader may better understand the long-term impact of the Township's near-term financing decision by comparing information presented for governmental funds with the information presented for the governmental activities in the government-wide financial statements. The governmental funds' Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison.

Proprietary funds are used to account for services provided by the Township where the Township charges customers (whether external or internal) for the services it provides. These funds use accrual accounting; the same method used by private sector businesses. The Township maintains one type of proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for its Water and Sewer service.

Fiduciary Funds:

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. While these funds represent trust responsibilities of the Township, these assets are restricted in purpose and do not represent discretionary assets of the Township. Therefore, these assets are not reflected in the government-wide financial statements. The Township acts as a trustee or fiduciary for its employee deferred compensation plan. It is a trustee/agent for the other governmental units for which it collects tax payments. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The Township's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. These funds are reported using accrual accounting.

NOTES TO BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes budgetary comparison schedules.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

NON-MAJOR GOVERNMENTAL FUNDS

Following the required supplementary information is combining financial statements for non-major governmental funds. These funds are added together and presented in a single column in the basic financial statements, but are not reported individually, as with major funds, on the governmental fund financial statements.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the Township's case, assets exceeded its liabilities at the end of the fiscal year by \$1,049,246. However, \$287,839 or 27.43.% of the Township's net assets represents its investment in capital assets (e.g., land, roads, storm sewers, water and sewer systems, building, and equipment) less any related debt used to acquire or construct these assets that is still outstanding. The Township uses these capital assets to provide essential services to citizens; therefore, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities

TOWNSHIP OF ROYAL OAK'S NET ASSETS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current and Other Assets	\$ 2,061,674	\$ 461,116	\$ 2,522,790
Capital Assets, Net of Accumulated Depreciation	<u>1,424,878</u>		<u>1,424,878</u>
Total Assets	<u>\$ 4,016,442</u>	<u>\$ 797,921</u>	<u>\$ 4,814,363</u>
Current Liabilities	\$ 1,804,568	\$ 22,829	\$ 1,827,397
Long-term Liabilities	<u>1,071,025</u>		<u>1,071,025</u>
Total Liabilities	<u>\$ 2,875,593</u>	<u>\$ 22,829</u>	<u>\$ 2,898,422</u>
Net Assets:			
Invested in Capital, Net of Related Debt	\$ 287,839	\$	\$ 287,839
Restricted		438,238	438,238
Unrestricted	<u>323,120</u>		<u>323,120</u>
Total Net Assets	<u>\$ 610,959</u>	<u>\$ 438,238</u>	<u>\$ 1,049,246</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS**(Continued)**

Except for the \$287,839 invested in capital assets and the \$438,287 restricted, the Township may use the remaining balance of unrestricted net assets of \$323,120 to meet its ongoing obligations to citizens and creditors.

Further, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

TOWNSHIP OF ROYAL OAK'S CHANGE IN NET ASSETS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues: Program Revenues:			
Charges for Services	\$ 20,775	\$ 897,562	\$ 918,337
Operating Grant	37,699		37,699
General Revenues:			
Taxes and Special Assessments	1,513,909		1,513,909
State Shared	669,999		669,999
Assumption of Debt			
Other	606,766		606,766
Investment Earnings	<u>21,978</u>		<u>21,978</u>
Total Revenues	<u>2,871,126</u>	<u>897,562</u>	<u>3,768,688</u>
Expenses:			
General Government	1,156,025		1,156,025
Police	623,328		623,328
Fire	434,331		434,331
Building and Safety	45,058		45,058
Public Works	307,492		307,492
Recreation and Culture	425,531		25,531
Community Development	35,970		135,970
Interest on Long-Term Debt	28,304		28,304
Depreciation	117,170		117,170
Water and Sewer		<u>1,098,226</u>	<u>1,098,226</u>
Total Expenses	<u>3,273,209</u>	<u>1,098,226</u>	<u>4,371,435</u>
Increase in Net Assets	(402,083)	(200,664)	(602,747)
Net Assets, December 31, 2006	<u>1,013,042</u>	<u>638,951</u>	<u>1,651,993</u>
Net Assets, December 31, 2007	<u>\$ 610,959</u>	<u>\$ 438,287</u>	<u>\$ 1,049,246</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Governmental Activities:

Governmental activities decreased the Township's net assets by \$402,083 thereby accounting for 66.71% of the total decrease in the net assets of the Township. Key factors of this increase are as follows:

- Decrease in revenue because of the annexation.

Business-Type Activities:

Business-type activities decreased the Township's net assets by \$200,664

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As the Township completed the year, its governmental funds reported combined fund balances of \$ 331,923.

Of this total amount, \$ 331,923 (100%) was unreserved fund balance, which is available for appropriations for the general purpose of the funds.

General Fund:

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, the unreserved fund balance was \$15,179. Total fund balance decreased by \$186,804 during the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

The Township investment in capital assets for its governmental activities as of December 31, 2006 amounts to \$1,424,878 (net of accumulated depreciation). This investment includes a broad range of capital assets, which are detailed in the table below. The total decrease in the Township's net investment in capital assets for the current fiscal year was \$112,226.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

NET CAPITAL ASSETS AT YEAR END (In thousands of dollars)

	Governmental Activities	
	<u>2007</u>	<u>2006</u>
Capital assets not depreciated:		
Land	\$ 240,000	\$ 240,000
Capital assets being depreciated:		
Computers	23,830	23,130
Equipment	11,575	16,600
Infrastructure	1,061,851	1,132,201
Landscaping Equipment	-	21
Office Furniture	-	8,866
Vehicles	<u>87,622</u>	<u>116,286</u>
Net Capital Assets	<u>\$ 1,424,878</u>	<u>\$ 1,537,104</u>

Long-Term Debt:

At the end of the fiscal year, the Township had total long-term bonds and notes outstanding of \$1,349,910.

OUTSTANDING DEBT AT YEAR END

	Governmental <u>Activities</u>
General Obligation Bonds (Backed by the Township)	\$ 1,137,038
Judgments Payable	-
Notes Payable	<u>60,000</u>
	<u>\$1,197,038</u>

State statutes limit the amount of general obligation debt the Township can issue to 10% of its total state equalized assessed value of property. The Township's total general obligation debt of \$1,197,038 is significantly lower than the current state-imposed limit.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions regarding any information provided in this report or request for additional financial information should be addressed to the following:

Charter Township of Royal Oak
21131 Gardenlane, 2nd Floor
Ferndale, MI 48220

CHARTER TOWNSHIP OF ROYAL OAK
STATEMENT OF NET ASSETS
December 31, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 265,498	\$ 86,435	\$ 351,933
Accounts Receivable	161,571	374,681	536,252
Taxes Receivable	1,597,565	-	1,597,565
Due From Other Units	-	-	-
Inventories	-	-	-
Prepaid Expenditures	37,040	-	37,040
Total Current Assets	2,061,674	461,116	2,522,790
Noncurrent Assets			
Capital Assets	4,666,822	-	4,666,822
Less Accumulated Depreciation	(3,241,944)	-	(3,241,944)
Total Noncurrent Assets	1,424,878	-	1,424,878
Total Assets	\$ 3,486,552	\$ 461,116	\$ 3,947,668
LIABILITIES			
Current Liabilities			
Accounts Payables	\$ 70,727	\$ 17,957	\$ 88,684
Due Other Units	3,259	\$ 4,872	8,131
Note Payable	60,000	-	60,000
Judgements Payable	-	-	-
Accrued Interest	8,803	-	8,803
Deferred Revenue	1,595,765	-	1,595,765
Bonds Payable, Due within One Year	66,014	-	66,014
Compensated Absences	-	-	-
Total Current Liabilities	1,804,568	22,829	1,827,397
Noncurrent Liabilities			
Bonds Payable	1,071,025	-	1,071,025
Compensated Absences	-	-	-
Total Noncurrent Liabilities	1,071,025	-	1,071,025
Total Liabilities	2,875,593	22,829	2,898,422
Net Assets			
Investment in Capital Assets	287,839	-	287,839
Restricted	-	438,287	438,287
Unrestricted	323,120	-	323,120
Total Net Assets	610,959	438,287	1,049,246
Total Liabilities and Net Assets	\$ 3,486,552	\$ 461,116	\$ 3,947,668

See accompanying notes and accountant's report

CHARTER TOWNSHIP OF ROYAL OAK
STATEMENT OF ACTIVITIES
December 31, 2007

		Program Revenues		Governmental
		Charges for	Operating	Activities
	Expenses	Services	Grants	Net (Expense)
				Revenues and
				Changes in Net
				Assets
Functions/Programs				
Governmental Activities				
General Governmental	\$ 1,156,025	\$ 16,200		(1,139,825)
Police	623,328			(623,328)
Fire	434,331			(434,331)
Building and Safety	45,058			(45,058)
Public Works	307,492			(307,492)
Recreation and Culture	425,531	4,575	1,127	(419,829)
Community Development	135,970		36,572	(99,398)
Interest on Long-Term Debt	28,304			(28,304)
Depreciation	117,170			(117,170)
	<u>3,273,209</u>	<u>20,775</u>	<u>37,699</u>	<u>(3,214,735)</u>
Business-Type Activities				
Water and Sewer				
	<u>1,098,226</u>	<u>897,562</u>	<u>-</u>	<u>(200,664)</u>
Total Primary Government	<u>\$ 4,371,435</u>	<u>\$ 918,337</u>	<u>\$ 37,699</u>	<u>\$(3,415,399)</u>

Taxes

Property Taxes, Levied for General Operations	1,390,572
Property Taxes, Levied for Debt Service	123,337
State Shared	669,999
Interest and Investment Earnings	21,978
Other	606,766
Total General Revenues	<u>2,812,652</u>

Change in Net Assets	(602,747)
Net Assets Beginning of Year	1,651,993
Net Assets End of Year	<u>\$ 1,049,246</u>

See accompanying notes and accountant's report

CHARTER TOWNSHIP OF ROYAL OAK
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007

	General	Police	Fire	Debt Service Jacoboni	Other Nonmajor Governmental Funds	Totals
ASSETS						
Cash and Cash Equivalents	\$ 222,209	\$ 1,729	\$ 640	\$ -	\$ 40,920	\$ 265,498
Accounts Receivable	129,830	761	-	-	30,980	161,571
Due from Other Funds	103,077	61,759	98,323	-	321,954	585,113
Taxes Receivable - Current	159,624	526,975	451,693	-	457,472	1,595,764
Taxes Receivable - Delinquent	1,801	-	-	-	-	1,801
Prepaid Expenditures	-	-	37,040	-	-	37,040
Total Assets	<u>\$ 616,541</u>	<u>\$ 591,224</u>	<u>\$ 587,696</u>	<u>\$ -</u>	<u>\$ 851,326</u>	<u>\$ 2,646,787</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts Payables	\$ 13,779	\$ 65	\$ -	\$ -	\$ 56,883	\$ 70,727
Accrued Interest	-	-	-	-	-	-
Note Payable	-	-	-	-	60,000	60,000
Deferred Revenue	159,624	526,975	451,693	-	457,473	1,595,765
Due to Other Governmental Units	10,397	-	-	-	95,433	105,830
Due to Other Funds	417,562	64,980	-	-	-	482,542
Total Liabilities	<u>601,362</u>	<u>592,020</u>	<u>451,693</u>	<u>-</u>	<u>669,789</u>	<u>2,314,864</u>
Fund Balance						
Reserved Debt Service	-	-	-	-	-	-
Unreserved and Undesignated	15,179	(796)	136,003	-	181,537	331,923
Total Fund Balance	<u>15,179</u>	<u>(796)</u>	<u>136,003</u>	<u>-</u>	<u>181,537</u>	<u>331,923</u>
Total Liabilities and Fund Balance	<u>\$ 616,541</u>	<u>\$ 591,224</u>	<u>\$ 587,696</u>	<u>\$ -</u>	<u>\$ 851,326</u>	<u>\$ 2,646,787</u>
Total Governmental Fund Balances						\$ 331,923

Amounts reported for Governmental Activities in the Statement of Net Assets are different because capital assets used in Governmental Activities are not financial resources, and are not reported in the funds

Cost of Capital Assets	\$ 4,666,822
Accumulated Depreciation	(3,241,944)

Long-Term Liabilities are not due and payable in the current period and are reported in the fund

Oakland County Drain	1,424,878
Notes Payable	(1,137,039)
Accrued Interest	(8,803)
Net Assets of Governmental Activities	<u>\$ 610,959</u>

See accompanying notes and accountants report

CHARTER TOWNSHIP OF ROYAL OAK
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
December 31, 2007

	General	Police	Fire	Debt Service Jacoboni	Other Nonmajor Governmental Funds	Totals
Revenues						
Local Sources	\$ 635,130	\$ 520,645	\$ 433,137	\$ 123,337	\$ 451,179	\$ 2,163,428
State Sources	669,999				1,127	671,126
Federal Sources					36,572	36,572
Interdistrict Sources						
Total Revenues	1,305,129	520,645	433,137	123,337	488,878	2,871,126
Expenditures						
Office Staff and Expenses	277,360					277,360
Supporting Services	883,609					883,609
Senior Center	124,479					124,479
Public Safety	45,058	623,301	434,331		27	1,102,717
Public Works	156,517				150,975	307,492
Community Development	29,910				106,060	135,970
Recreation and Culture					301,052	301,052
Debt Service				103,925	28,966	132,891
Total Expenditures	1,516,933	623,301	434,331	103,925	587,080	3,265,570
Excess (Deficiency) of Revenues Over Expenditures	(211,804)	(102,656)	(1,194)	19,412	(98,202)	(394,444)
Other Financing Sources (Uses)						
Operating Transfers In	25,000	10,232	(40,000)		28,966	24,198
Proceeds from State Bond Loan						
Operating Transfers In/ Out	0			(24,198)		(24,198)
Total Other Financing Sources (Used)	25,000	10,232	(40,000)	(24,198)	28,966	-
Net Change in Fund Balances	(186,804)	(92,424)	(41,194)	(4,786)	(69,236)	(394,444)
Fund Balance Beginning of Year	201,983	91,628	177,197	4,786	250,773	726,367
Fund Balance End of Year	\$ 15,179	\$ (796)	\$ 136,003	\$ -	\$ 181,537	\$ 331,923

See accompanying notes and accountant's report

CHARTER TOWNSHIP OF ROYAL OAK
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
December 31, 2007

Net Change in Fund Balance -Total Governmental Funds **\$ (394,444)**

Amounts reported for Governmental Activities in the Statement of
Activities are different because

Governmental Funds report Capital Outlays as Expenditures; in the Statement
of Activities, these costs are allocated over their estimated useful lives
as Depreciation

Depreciation Expense	\$ (117,170)	
Capital Outlay	<u>4,944</u>	
		(112,226)

Accrued Interest is recorded in the Statement of Activities when incurred; it is not reported in Governmental Funds until paid		1,595
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Repayment of Bond Principal is an Expenditure in the Governmental Fund, but not in the Statement of Activities (where it reduces Long-Term Debt)		102,992
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Increases in Compensated Absences are reported as Expenditures when Financial Resources are used in the Governmental Funds		-
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Change in Net Assets of Governmental Activities		<u><u>\$ (402,083)</u></u>
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CHARTER TOWNSHIP OF ROYAL OAK
COMBINED STATEMENT OF REVENUE AND EXPENSES
PROPRIETARY FUND
For the Year Ended December 31, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Revenue:			
Sewer Charges	\$ 287,080	\$ 572,015	\$ 859,095
Penalties	13,286	18,012	31,298
Permits	2,927	500	3,427
Other Revenue	4,910	(1,168)	3,742
	<u>308,203</u>	<u>589,359</u>	<u>897,562</u>
Total Revenue			
Operating Expenses:			
Cost of Services	136,130	372,656	508,786
Installation/Inspection Cost	18,114	598	18,712
Operation & Maintenance Cost	152,919	64,217	217,136
Customer Service			-
General & Administration	40,225	37,678	77,903
Orther Payments	59,253	216,436	275,689
	<u>406,641</u>	<u>691,585</u>	<u>1,098,226</u>
Total Operating Expenses			
Net Operating Income	(98,438)	(102,226)	(200,664)
Non-Operating Transactions			
Transfer to and from Reserves	(5,692)	(11,987)	(17,679)
	<u>(5,692)</u>	<u>(11,987)</u>	<u>(17,679)</u>
Net Income	<u>\$ (104,130)</u>	<u>\$ (114,213)</u>	<u>\$ (218,343)</u>

See accompanying notes and accountant's report

**CHARTER TOWNSHIP OF ROYAL OAK
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2007**

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ (200,664)
Change in Current Assets and Liabilities	
Decrease in Accounts Receivable	304,778
Net Cash Provided by Operating Activities	<u>\$ 104,114</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Transfer to Reserves from Restricted	
Retained Earnings	(17,678)
Net Cash Used by Financing Activities	<u>\$ (17,678)</u>

**NET INCREASE IN CASH AND
CASH EQUIVALENTS**

86,436

CASH AND CASH EQUIVALENTS

Beginning of Year	-
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CASH AND CASH EQUIVALENTS

End of Year	<u><u>\$ 86,436</u></u>
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See accompanying notes and accountant's report

CHARTER TOWNSHIP OF ROYAL OAK
STATEMENT OF FIDUCIARY NET ASSETS
December 31, 2007

ASSETS

Current Assets

Cash and cash equivalents	\$ 72,815
Due from Other Funds	175,652

Total Assets	<u>\$ 248,467</u>
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LIABILITIES

Current Liabilities

Escrow Deposits	\$ -
Due to Other Governmental Units	199,985
Trust Accounts	26,317
Undistributed Tax Collections	48,482

Total Current Liabilities	<u>\$ 274,784</u>
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See accompanying notes and accountant's report

**CHARTER TOWNSHIP OF ROYAL OAK
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

NOTE 1- SUMMARY OF SIGMFICANT ACCOUNTING POLICIES:

The financial statements of the Township of Royal Oak, Michigan (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township of Royal Oak.

REPORTING ENTITY - The Township was organized as a charter township in 1974 and is located in southern Oakland County. A Supervisor and a Board of Trustees govern the Township. The Supervisor is the chief administrative and executive office of the Township and is elected at large for a two-year term in a non-partisan election and has voting power. The Board consists of four trustees, a clerk, and a treasurer who are also elected at large for four-year terms, in a non-partisan election. The reporting entities included in these financial statements are the Township of Royal Oak, the primary government and the Downtown Development Authority.

The basic criterion for including a potential component unit in the reporting entity is the governing body's ability to exercise oversight responsibility. Oversight responsibility includes the primary government being financially accountable for the potential component unit. Other oversight responsibilities include, but are not limited to, the selection of the governing authority, the designation of management, the ability to approve or modify the budget, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities.

BLENDED COMPONENT UNITS - These types of component units are reported as though they were part of the primary government, using the blended method.

The intended purpose of the Downtown Development Authority (DDA) is to implement improvements to public facilities within the development area to comply with barrier free design requirements and to develop and implement long-range plans designed to halt the deterioration of the property values in the Downtown District. Funding for DDA is provided from the increased property tax revenues from any benefited property.

Separate financial statements of the DDA may be obtained from the Township offices.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CHARTER TOWNSHIP OF ROYAL OAK
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, sale of naming rights, intergovernmental revenues, and investment income.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

CHARTER TOWNSHIP OF ROYAL OAK
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

FUND TYPES AND MAJOR FUNDS

The Township reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Police Fund - Special Revenue Fund used to levy and collect taxes for the operation of the Police department.

Fire Fund - Special Revenue Fund used to levy and collect taxes for the operation of the Fire department.

Downtown Development Authority (DDA) - DDA is a special revenue fund created to prevent deterioration, encourage historical preservation and promote economic growth within the downtown district.

In addition the Township reports on the following fund types:

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the annual payment of principal, interest and expenses in connection with certain long-term debt other than debt payable from the operation of an enterprise fund.

PROPRIETARY FUND:

Water and Sewer Fund - The Water and Sewer Fund is an Enterprise Fund. The Township operates one Enterprise Fund, which accounts for the operation of the Water and Sewer Systems. The fund is financed and operated in a manner similar to a private enterprise. The intent is that costs (expenses, including depreciation) of providing water and sewer services to the general public are recovered through user charges. The fund uses full accrual accounting based on Generally Accepted Accounting Principals (GAAP) and follows accounting and financial activities prescribed by the Financial Accounting and Standards Board (FASB) as long as it does not conflict with the

Governmental Accounting Standards Board (GASB) guidance.

FIDUCIARY FUNDS:

Agency Funds - Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, organizations, other governments or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CHARTER TOWNSHIP OF ROYAL OAK
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Any residual balances outstanding between the governmental and business-type activities with fiduciary funds are reported in the government-wide financial statements as "due to other units."

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$250 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	37 years
Equipment	5 to 7 years
Furniture	5 to 7 years
Vehicles	7 years
Infrastructure	50 years

Compensated Absences (Vacation and Sick Leave) - It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

CHARTER TOWNSHIP OF ROYAL OAK
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Long-Term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Property Taxes - All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes attach as an enforceable lien on property as of December 31 each year. Township taxes are levied and immediately due the following December 1 with final collection date March 31 without penalty. Taxes unpaid after March 31 are subject to interest, penalties and collection fees. Oakland County, Michigan (the "County") is responsible for the collection of real property taxes of the Township which are delinquent as of March 31 of each fiscal year. The County purchases from the Township all delinquent real property taxes from a tax payment fund established by the County. In return, the Township has assigned to the County all amounts payable to the Township from the taxpayers with respect to such delinquent real property taxes.

NOTE 2 - MATERIAL VIOLATIONS OF LEGAL PROVISIONS

Deficit Fund Balances

As of December 31, 2007, no fund has a material deficit.

Budget

State Law requires the adoption of a balanced budget for the General, Special Revenue and Debt Service Funds, as well as budget amendments as needed to prevent actual expenditures from exceeding the amount appropriated. The Township adopts their budget by department and the following is a list of departments that over expended the budget:

Several departments in the general fund over expended the budgeted amounts. See page 33. As shown on page 44, the special revenue funds did have expenditure in excess of the budgeted amount. No budget was adopted for the Debt Service funds.

CHARTER TOWNSHIP OF ROYAL OAK
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 3 - BALANCE SHEET CASH AND INTEREST-BEARING DEPOSITS

At December 31, 2007, the carrying value of the Township's cash was \$338,313. Of the bank balance, \$405,246 was covered by federal depository insurance and \$572,606 was uninsured.

	<u>Carrying Amount</u>
General Fund	\$ 222,209
Special Revenue	32,527
Debt Service Funds	0
Downtown Development	10,762
Trust and Agency Fund	<u>72,815</u>
	338,313
Uninsured	<u>65,602</u>
Total Insured and Collateralized Deposits	<u>\$ 272,711</u>

NOTE 4 - INTERFUND RECEIVABLE AND PAYABLES

The amounts of interfund receivable and payables, including interfund loans, are as follows:

	<u>Receivable</u>	<u>Payable</u>
General	\$ 103,077	\$ 427,959
Police	61,759	64,980
Recreation	68,596	34,000
Street Lighting	74,326	
Disposal	62,567	20,201
Library	35,421	4,479
DDA	40,713	
Trust & Agency	11,193	26,317
Block Grant		25,387
Debt Service	28,966	
Current Tax	164,458	46,076
Fire	<u>98,323</u>	
Total	<u>\$ 749,399</u>	<u>\$ 749,399</u>

**CHARTER TOWNSHIP OF ROYAL OAK
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

NOTE 5 - DOWNTOWN DEVELOPMENT AUTHORITY

In March 1992, the Township established a Downtown Development Authority for commercial development within the Township. The Authority was established under Public Act 197, of 1975, in which taxes recaptured will be used for commercial development.

NOTE 6 - GENERAL LONG-TERM DEBT

The Judgment Payable is made up of two items. The first was a judgment entered against the Township in favor of Mr. Jacoboni. This judgment required the Township to levy millage, which would payoff the judgment in five years. The balance due on this judgment was paid of as of December 31, 2007. The second judgment was in favor of the U.S. Justice Department. The Township was required to pay back \$156,914 of previously received COPS Grant monies. The amount due is payable in installments of \$28,966 per year, including interest at 3%. The balance due on this judgment at December 31, 2007 is \$28,122.

The Township is part of the George W. Kuhn drainage District of Oakland County. Oakland County has five outstanding bond issues, which the township is responsible for a percentage of the principal and interest payments. The Township's total share of the bond issues at December 31, 2007 is \$1,137,039.

The Judgment for Mr. Jacoboni, the judgment for the U.S. Justice Department, and the County drain balances are shown net of Oak Park's portion due to the annexation.

NOTE 7 - EMPLOYEE RETIREMENT SYSTEM

Plan Description

Royal Oak Township participates in an agent multi-employer defined benefit pension plan with the Municipal Employee Retirement System (MERS), administered by the State of Michigan.

The MERS was organized pursuant to Section 12a of Act No. 156, Public Acts of 1851 (MSA 5.333 (a); MCLA 46.12a) as amended. The MERS is regulated under Act No. 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Commission.

CHARTER TOWNSHIP OF ROYAL OAK
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Summary of Plan Provisions

The benefits summarized in this section are intended only as general information regarding the Michigan Municipal Employees Retirement System. They are not a substitute for Act

No. 220 of the Public Acts of 1996, as amended. If any conflict occurs between the information in this summary and Act No. 220 of the Public Acts of 1996, as amended, the provisions of Act No. 220 govern.

Eligibility for Retirement

Age 60 or 10 or more years of credited service (reduced to 8 or 6 years if either Benefit V-8 or V-6, respectively, is adopted).

Age 55 or 15 or more years of credited service (reduced benefit unless Benefit F55 is adopted).

Age 50 and 25 or more years of credited service (reduced benefit unless Benefit F50 is adopted).

Optional Retirement Programs (Unreduced Benefits)

F50 - Age 50 with a required period of credited service of either 25 or 30 years

F55 - Age 55 with a required period of credited service of 15, 20, 25 or 30 years

F (N) - Any age with a required period of credited service of either 20, 21, 22, 23, 24, 25, 26, 27, 28, 29 or 30 years

Mandatory Retirement

None.

Deferred Retirement

Termination of membership before age 60 other than by retirement or death, after 10 years of credited service (8 or 6 years if Benefit V-8 or V-6 is adopted). Retirement allowance begins upon application and satisfaction of the eligibility requirements for retirement. The deferred retirement allowance is computed in the same manner as a service retirement allowance, based on the benefit program in effect as of the date of termination of membership.

Rights to an allowance are forfeited if the member's accumulated contributions are withdrawn.

**CHARTER TOWNSHIP OF ROYAL OAK
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

Service Retirement Allowance

Credited service at time of termination of membership is multiplied by:

Benefit A	1.0% of a member's 5-years final average compensation (FACT). Benefit A may not be adopted after January 2, 1986.
Benefit B	Contact MERS office for details. Benefit B may not be adopted after January 2, 1986.
Benefit C New	1.3% of FAC.
Benefit C Old	Sum of 1.0% times the first \$4,200 of FAC, plus 1.5% times the portion of FAC over \$4,200. Benefit C Old may not be adopted after January 2, 1986.
Benefit C-1 New	1.5% of FAC.
Benefit C-1 Old	Sum of 1.2% times the First \$4,200 of FAC, plus 1.7% times the portion of FAC over \$4,200. Benefit C-1 Old may not be adopted after January 2, 1986.
Benefit B-1	1.7% of FAC.
Benefit C-2	2.0% of FAC, payable until attainment of the age at which unreduced Social Security benefits are available (currently age 65 for normal retirement, gradually increasing to age 67). Upon attainment of this age, the benefit reverts to the basic Benefit A, C New, C Old, C-1 New, C-1 Old or B-1.
Benefit B-2	2.0% of FAC.
Benefit B-3	2.25% of FAC, with a maximum benefit of 80% of FAC.
Benefit B-4	2.5% of FAC, with a maximum benefit of 80% of FAC.

Final Average Compensation

MERS plan benefits are based on a member's final average compensation (FAC). For this purpose, final average compensation means one-fifth of the aggregate amount of compensation paid a member during the period of 5 consecutive years of the member's credited service in which the aggregate compensation paid is highest, known as FAC-5. Adoption of Benefit FAC-3 results in final average compensation being averaged over 3 years, instead of 5 years.

The retirement allowance is reduced $\frac{1}{2}$ of 1% for each complete month that retirement precedes the age at which full normal retirement benefits are available. The reduction may be partially or fully waived by adopting Benefit F55 and/or F50 and/or F(N).

CHARTER TOWNSHIP OF ROYAL OAK
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Disability Retirement Allowance

The plan provides for coverage upon total and permanent disability while employed by a participating municipality and after meeting the vesting requirement of the benefit program. The service requirement is waived if the disability is due to service-connected causes.

The allowance is computed in the same manner as a service retirement allowance, except that the reduction for retirement before age 60 is not applied.

If disability is due to service-connected causes, the amount of the retirement allowance shall not be less than 25% of the member's final average compensation.

Adoption of optional Benefit Program D-2 will provide a retirement allowance for a service-connected disability that is the greater of:

- (i) 25% of the member's final average compensation; or
- (ii) 10 years of credited service in addition to the member's actual period of service provided the total years of service do not exceed the greater of 30 years or the member's actual period of service.

Non-Duty Death Allowance

If a member or vested former member with the minimum years of service required to be vested dies before retirement, a monthly survivor allowance may be payable.

If a member is married, the spouse is the automatic beneficiary unless the spouse, in writing, declines a benefit in favor of another named beneficiary.

A contingent survivor beneficiary (named in an Option II Contingent Beneficiary Designation form filed with MERS) will receive a retirement allowance computed in the same manner as a service retirement allowance, but reduced to reflect an Option II (100% joint and survivor) election. The reduction for retirement before age 60 is not applied.

If there is no named beneficiary and the member leaves a spouse, the spouse will receive a survivor allowance. Payment of a retirement allowance to the surviving spouse of a deceased member commences immediately. Payment of a retirement allowance to the surviving spouse of a deceased vested former member commences on the date the member would have first satisfied eligibility for retirement for an unreduced service retirement allowance. The amount of a surviving spouse's retirement allowance shall be 85% of the deceased member's or deceased vested former member's accrued retirement allowance computed in the same manner as a service retirement allowance, based on service and final average compensation at time of death.

CHARTER TOWNSHIP OF ROYAL OAK
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

If there is no named beneficiary and no retirement allowance being paid to a surviving spouse, unmarried children under age 21 will be paid an equal share of 50% of the deceased member's or deceased vested former member's accrued retirement allowance. The reduction for retirement before age 60 is not applied.

If no retirement allowance becomes payable at death, the member's accumulated contributions are paid to the beneficiary.

Duty-Connected Death

A duty death allowance computed in the same manner as a non-duty death allowance may be payable to a spouse or children if death occurs as a result of performance of duty with a participating municipality. The vesting requirement is waived, and the minimum benefit is 25% of the deceased member's final average compensation.

Adoption of optional Benefit Program D-2 will provide a retirement allowance for a service-connected death that is the greater of:

- (i) 25% of the member's final average compensation; or
- (ii) 10 years of credited service in addition to the member's actual period of service provided the total years of service do not exceed the greater of 30 years or the member's actual period of service.

Member Contributions

Each member contributes a percent of annual compensation, as selected by the municipality. Any percentage from 0% to 10% (in 0.1% increments) may be selected. A 3%/5% contribution program was available prior to 1985 and may be continued, but not adopted after 1984. Under this program the member contributes 3% of the first \$4,200 of annual compensation and 5% of portions over \$4,200.

If a member leaves the employment of the municipality, or dies, without a retirement allowance or other benefit payable on his account, the member's accumulated contributions plus interest (at a rate determined by MERS) are refunded with spousal consent, to the member, if living, or to the member's surviving spouse, if any or to a named beneficiary (after spousal consent, if applicable).

Post-Retirement Adjustments

Benefit E – provides a one-time benefit increase to present to retirants and beneficiaries. The amount of the increase is equal to a fixed percentage of the present benefit or a fixed dollar amount times the number of years since the later of retirement or the date specified in the resolution. Benefit E may be readopted from time to time.

CHARTER TOWNSHIP OF ROYAL OAK
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Benefit E-1 - provides automatic 2.5% annual non-compounded benefit increases to persons (and their beneficiaries) retired before the effective date of Benefit E-1. Increases are limited to increases in the consumer price index.

Benefit E-2 - provides automatic 2.5% annual non-compounded benefit increases to persons (and their beneficiaries) retired on or after the effective date of Benefit E-2. Increases are limited to increases in the consumer price index.

Death-After-Retirement Surviving Spouse Benefit

A retiring member electing form of payment SL (straight life retirement allowance) is normally paid a lifetime retirement allowance, with payments terminating at death. The retiring member could provide benefits to a surviving spouse by electing Option II (100% continuation to beneficiary) or Option II-A (75% continuation to beneficiary) or Option III (50% continuation to beneficiary). A surviving spouse is automatically the beneficiary to an Option II, IIA or III allowance unless the spouse, in writing, relinquishes the benefit to the member electing a straight life allowance or to another named beneficiary. Electing these alternate forms of payment would lower the retiring member's retirement allowance.

If Benefit Program RS50% is adopted, a member retiring on or after the effective date of Benefit RS50% may elect form of payment SL and still provide a 50% survivor benefit to the member's spouse. To be eligible for a surviving spouse benefit the retiring member and spouse must have been married to each other both at the time of death and during the full one year period just before retirement.

GASB 25 and GASB 27 Information

The annual report is available at the Township Hall.

NOTE 10 - IMPLEMENTATION OF THE LOCAL GOVERNMENT FISCAL RESPONSIBILITY ACT

On March 22, 1989, the State Treasurer implemented the preliminary review provisions of the Local Government Fiscal Responsibility Act. On April 18, 1989, the State Treasurer made his report to the Governor, finding that a serious financial problem may exist in the Township. On July 14, 1989, the Governor appointed a review team for the Township. On September 14, 1989, the Township entered a Consent Agreement with the review team.

That agreement calls for a Financial Manager with specified duties including the development of a financial plan.

On June 21, 1990, the Township Board adopted the financial plan, which was approved by the Department of Treasury in May 1990. Certain major provisions of the plan have not been implemented as of the date of the auditor's report.

CHARTER TOWNSHIP OF ROYAL OAK
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 11 - COMMUNITY DEVELOPMENT BLOCK GRANT

The Township receives an allocation of funds from the Federal Government under the Community Development Block Grant. The funds are dispersed from the Federal Government to Oakland County. Oakland County in turn monitors and disperses these funds on a cost reimbursement basis to individual vendors or contractors. The purpose of this grant is to enforce Township ordinances, condemnation/demolition, disposition, public services, planning and development, and contingencies. The Township's allocation for 2007 amounted to \$36,572 which is below the requirements of the \$300,000 Single Audit Act.

NOTE 12 - DEFERRED COMPENSATION

The Township does not participate in a deferred compensation plan. However, the employees of the Township have elected to participate in their own plan through payroll deductions.

NOTE 13 - POST-EMPLOYMENT BENEFITS

The Township provides health care benefits to retirees. The benefits are paid monthly from the General Fund. The total cost to the Township for health care benefits for the year ended December 31, 2007 was \$116,065

NOTE 14 – OTHER MATTERS

During the year part of the Township was annexed by the Township of Oak Park. The Township and the Township of Oak Park settled the division of assets and liabilities relating to this annexation.

NOTE 15 – TAXES RECEIVABLE AND DEFERRED REVENUE

There is \$1,595,764 of delinquent taxes as of December 31, 2007. The Township records deferred revenue for property taxes billed as of December 1 that are to be used in the next year's budget. Taxes receivable and deferred revenues represents the tax levy as of December 1, 2007 that will be used for the 2008 budget.

**CHARTER TOWNSHIP OF ROYAL OAK
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

NOTE 16- CAPITAL ASSETS

The Township's investment in capital assets for its governmental activities as of December 31, 2007 amounts to \$1,424,878 (net of accumulated depreciation). This investment includes a broad range of capital assets, which are detailed in the table below. The total decrease in the Township's net investment in capital assets for the current fiscal year was \$113,226.

NOTE 17- HOUSING COMMISSION

The activities of the Royal Oak Township Housing Commission are not included in these financial statements. The activities of the Commission for the fiscal year ended March 31, 2007 are reported in a separate report.

CHARTER TOWNSHIP OF ROYAL OAK
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual Budgetary Basis Actual	Favorable (Unfavorable) Final Budget
	Original	Final		
Revenues				
Local Sources	\$ 652,231	\$ 652,231	\$ 635,130	\$ (17,101)
State Sources	691,537	691,537	669,999	(21,538)
Federal Sources				
Interdistrict Sources				
Total Revenues	<u>1,343,768</u>	<u>1,343,768</u>	<u>1,305,129</u>	<u>(38,639)</u>
Expenditures				
Trustees	11,765	11,765	11,690	(75)
Supervisor	72,514	72,514	76,136	3,622
Election	35,830	35,830	10,621	(25,209)
General Administrative	687,986	687,986	883,609	195,623
Clerk Department	77,385	77,385	96,319	18,934
Treasurer	68,224	68,224	82,594	14,370
Building & Grounds	144,473	144,473	156,517	12,044
Community Development	33,794	33,794	29,910	(3,884)
Inspection	27,173	27,173	45,058	17,885
CDBG Grant	8,437	8,437		(8,437)
Senior Center	130,902	130,902	124,479	(6,423)
Total Expenditures	<u>1,298,483</u>	<u>1,298,483</u>	<u>1,516,933</u>	<u>218,450</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>45,285</u>	<u>45,285</u>	<u>(211,804)</u>	<u>257,089</u>
Other Financing Sources (Uses)	-			
Operating Transfers In			25,000	
Operating Transfers Out				-
Total Other Financing Sources (Used)	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>45,285</u>	<u>45,285</u>	<u>(186,804)</u>	<u>257,089</u>
Budgetary Fund Balance Beginning of Year				-
Budgetary Fund Balance End of Year	<u>\$ 45,285</u>	<u>\$ 45,285</u>	<u>\$ (186,804)</u>	<u>\$ 257,089</u>

CHARTER TOWNSHIP OF ROYAL OAK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007

	Special Revenue Funds							Debt		Nonmajor					
								Service		Governmental					
	Street		Disposal		Community		Fund		Funds						
Recreation	Lighting		System	Library	Dev-BG	Cops	Grant	DDA							
\$	14,971	\$	4	\$	112	\$	14,929	\$	142	\$	-	\$	10,762	\$	40,920
	151,812		30,113		94,103		85,534						95,910		457,472
									30,980						30,980
	68,596		85,605		62,653		35,421				28,966		40,713		321,954
\$	235,379	\$	115,722	\$	156,868	\$	135,884	\$	31,122	\$	28,966	\$	147,385	\$	851,326

ASSETS

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payables	\$ 5,410	\$ -	\$ 6,152	\$ 283	\$ 5,593	\$ 28,966	\$ 10,478	\$ 56,882	
Note Payable							\$ 60,000	60,000	
Due to Other Funds	34,000	11,279	20,288	4,479	25,387		-	95,433	
Deferred Revenue	151,813	30,113	94,103	85,534			95,910	457,473	
Total Liabilities	191,223	41,392	120,543	90,296	30,980	28,966	166,388	669,788	

FUND BALANCE

Restricted for Debt Service									
Restricted for Capital Improvements					142	-	\$ (19,004)	181,537	
Unreserved and Undesignated	44,156	74,330	36,325	45,588					
Total Fund Balance	44,156	74,330	36,325	45,588	142	-	(19,004)	181,537	
Total Liabilities and Fund Balance	\$ 235,379	\$ 115,722	\$ 156,868	\$ 135,884	\$ 31,122	\$ 28,966	\$ 147,385	\$ 851,326	

CHARTER TOWNSHIP OF ROYAL OAK
COMBINING STATEMENT OF REVENUE AND EXPENDITURES AND CHANGE IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007

	Special Revenue Funds						Debt Service Fund		Nonmajor Governmental Funds	
	Recreation	Street Lighting	Disposal System	Library	Community Dev-BG	Cops Grant	DDA Fund	Total		
REVENUES										
Local Sources										
Taxes	\$ 99,563	\$ 28,832	\$ 90,100	\$ 82,035	\$ -	-	\$ 94,101	\$ 394,631		
Other Local Sources	12,531	6	373	23,707			19,931	56,548		
State Sources										
State Aid and Grants				1,127				1,127		
Federal Sources										
Federal Grants	-	-	-	-	36,572	-	-	36,572		
Total Revenues	112,094	28,838	90,473	106,869	36,572	-	114,032	488,878		
EXPENDITURES										
Current Operations										
Public Safety					27			27		
Public Works		43,383	107,592					150,975		
Community Development							106,060	106,060		
Recreation and Culture	161,686			102,794	36,572			301,052		
Debt Service						28,966		28,966		
Total Expenses	161,686	43,383	107,592	102,794	36,599	28,966	106,060	587,080		
Excess (Deficiency) of Revenues Over Expenditures	(49,592)	(14,545)	(17,119)	4,075	(27)	(28,966)	7,972	(98,202)		
Other Financing Sources (Uses)										
Operating Transfers In						28,966		28,966		
Operating Transfers Out								-		
Total Other Financing Sources (Used)	-	-	-	-	-	28,966	-	28,966		
Net Change in Fund Balances	(49,592)	(14,545)	(17,119)	4,075	(27)	-	7,972	(69,236)		
Fund Balance Beginning of Year	93,748	88,875	53,444	41,513	169	-	(26,976)	250,773		
Fund Balance End of Year	\$ 44,156	\$ 74,330	\$ 36,325	\$ 45,588	\$ 142	\$ -	\$ (19,004)	\$ 181,537		

CHARTER TOWNSHIP OF ROYAL OAK
GENERAL FUND STATEMENT OF REVENUES
OPERATING BUDGET AND ACTUAL
For the Year Ended December 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
TAXES			
Current Taxes	\$ 179,832	\$ 153,002	(26,830)
Payment In Lieu of Taxes	6,409	5,001	(1,408)
Administration Fee - Tax	35,000	31,458	(3,542)
	<u>221,241</u>	<u>189,461</u>	<u>(31,780)</u>
GENERAL OPERATIONS			
Cable TV Fee	22,500	16,038	(6,462)
Business License	5,250	4,288	(962)
Fines and Forfeits	10,000	8,332	(1,668)
Rental Registration	-	-	-
Interest Income	17,500	19,336	1,836
Rental Income	4,500	16,200	11,700
CDBG Funds	8,437		(8,437)
DDA Commitment		-	-
Land Sales	225,000	7,500	(217,500)
Other Revenues	18,000	46,768	28,768
Pension Refund	-	169,641	169,641
Miscellaneous - Deposit/Refund		-	-
Dog License	100	45	(55)
	<u>311,287</u>	<u>288,148</u>	<u>(23,139)</u>
BUILDING			
Registration/Contractor License	2,000	952	(1,048)
Plumbing Permits	2,500	6,606	4,106
Electrical Permits	7,500	18,780	11,280
Building Permits	10,000	44,825	34,825
Mechanical Permits	9,500	13,150	3,650
Annual Inspection Fees	5,000	-	(5,000)
Rental Inspection Fees	750	-	(750)
Landlord Inspection Fees	750	1,235	485
Planning Commission Fees	2,000	-	(2,000)
Zoning Board Fee	150	-	(150)
Site Plan Review Fee	5,000	-	(5,000)
Four In One - Inspection	400	1,583	1,183
	<u>\$ 45,550</u>	<u>\$ 87,131</u>	<u>\$ 41,581</u>

**CHARTER TOWNSHIP OF ROYAL OAK
GENERAL FUND STATEMENT OF REVENUES
OPERATING BUDGET AND ACTUAL
For the Year Ended December 31, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
SENIOR CENTER	<u>\$ 74,153</u>	<u>\$ 70,390</u>	<u>\$ (3,763)</u>
STATE SHARED			
State Rev. Sh- Sales Tax	300,451	255,346	(45,105)
State Rev. Sh- Income Tax	<u>391,086</u>	<u>414,653</u>	<u>23,567</u>
Total State Shared Revenue	<u>691,537</u>	<u>669,999</u>	<u>(21,538)</u>
TRANSFERS	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Total Revenue	<u>\$ 1,343,768</u>	<u>\$ 1,330,129</u>	<u>\$ (13,639)</u>

CHARTER TOWNSHIP OF ROYAL OAK
GENERAL FUND STATEMENT OF EXPENDITURES
OPERATING BUDGET AND ACTUAL
For the Year Ended December 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
TRUSTEES			
Per Diem - Township Board	\$ 10,000	\$ 10,400	\$ (400)
Payroll Taxes	765	795	(30)
Conferences	1,000	-	1,000
Membership Dues	-	495	(495)
	<u>11,765</u>	<u>11,690</u>	<u>75</u>

SUPERVISOR			
Salary - Supervisor	20,000	44,983	(24,983)
Deputy Supervisor	8,080	-	8,080
Clerical	23,419	8,164	15,255
Payroll Taxes	3,940	4,059	(119)
Hospitalization	8,250	9,884	(1,634)
Employee Insurance	1,225	1,100	125
Planning Comission Fees	2,100	650	1,450
Conferences	500	120	380
Gasoline	1,000	1,990	(990)
Operating Supplies	1,000	2,255	(1,255)
Office Supplies	1,500	1,681	(181)
Membership Dues	1,500	1,250	250
	<u>72,514</u>	<u>76,136</u>	<u>(3,622)</u>

ELECTION			
Per-Diem Election	\$ 4,500	\$ 6,411	(1,911)
Assistant Salary	15,000	948	
Overtime	500	-	500
Payroll Taxes	1,530	150	1,380
Insurance	200	2	198
Operating Supplies	2,500	1,654	846
Printing and Publishing	1,500	1,456	44
Conferences	-	-	-
Membership Dues	100	-	100
Transportation		-	-
Computer Expense	10,000	-	10,000
Professional & Contract Services		-	-
	<u>35,830</u>	<u>10,621</u>	<u>11,157</u>

CHARTER TOWNSHIP OF ROYAL OAK
GENERAL FUND STATEMENT OF EXPENDITURES
OPERATING BUDGET AND ACTUAL
For the Year Ended December 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
GENERAL ADMINISTRATIVE			
Employee Insurance	-		-
Retirees Insurance	98,000	116,065	(18,065)
Life Insurance	1,800	2,624	(824)
Other Fringe Benefits	4,200	7,534	(3,334)
Worker's Compensation	5,000	4,457	543
Annexation Expense	179,800	324,000	(144,200)
Conferences			-
Office Supplies and Expense	8,500	4,352	4,148
Operating Supplies and Expense	75,000	53,511	21,489
News Letter Publication	3,510		3,510
Postage	7,500	5,301	2,199
Pest Control			-
Contractual Services			-
Planning	2,500	24,223	(21,723)
Cable	22,500		22,500
Telephone	35,000	48,850	(13,850)
Printing and Publishing	3,500	3,174	326
Insurance and Bonds	40,000	30,116	9,884
Electricity	4,800	12,633	(7,833)
Heating	10,000	10,777	(777)
Water Charges	1,000	1,212	(212)
Gasoline	1,000	2,634	(1,634)
Repairs and Maintenance	20,000	6,816	13,184
Miscellaneous	2,000	10,817	(8,817)
Membership Dues	2,500	1,100	1,400
Medical Exams			-
Security Service	23,000	20,148	2,852
Computer Expense	7,500	6,374	1,126
Training/Education	1,000		1,000
Tax Refunds	-	-	-
Capital Outlay		8,444	(8,444)
Interest		4,800	(4,800)
Drain Debt	16,000		16,000
	<u>\$ 575,610</u>	<u>\$ 709,962</u>	<u>\$ (134,352)</u>

GENERAL ADMINISTRATIVE

ATTORNEY FEES

Contractual Services		7,825	(7,825)
Financial Analyst	18,000	19,875	(1,875)
Attorney Fees	90,000	105,994	(15,994)
Contribution Expense -PW		35,000	(35,000)
Audit	2,501	2,275	226
Assessing Fees	1,875	2,678	(803)
	<u>\$ 112,376</u>	<u>\$ 173,647</u>	<u>\$ (61,271)</u>

CHARTER TOWNSHIP OF ROYAL OAK
GENERAL FUND STATEMENT OF EXPENDITURES
OPERATING BUDGET AND ACTUAL
For the Year Ended December 31, 2007

	Budget	Actual	Favorable (Unfavorable)
CLERK DEPARTMENT			
Salary - Clerk	\$ 8,000	\$ 8,000	\$ -
Salary - Deputy Clerk	34,320	49,737	(15,417)
Admin/Bookkeeper	-		-
Salaries - Overtime	2,700		2,700
Payroll Taxes	3,445	4,344	(899)
Hospitalization	22,800	28,168	(5,368)
Employee Insurance	620	1,356	(736)
Office Supplies	2,000	1,990	10
Operating Supplies and Expen	1,000	664	336
Conferences	1,000	425	575
Membership Dues	500	990	(490)
Miscellaneous	1,000	645	355
	77,385	96,319	(18,934)
TREASURER			
Salary - Treasurer	14,000	14,000	-
Salary - Deputy Treasurer	26,540	28,100	(1,560)
Payroll Taxes	3,101	3,135	(34)
Hospitalization	22,000	33,297	(11,297)
Employee Insurance	1,583	1,019	564
Office Supplies	1,000	975	25
Operating Supplies and Expen	-	1,533	(1,533)
Membership Dues	-	535	(535)
	68,224	82,594	(14,370)
BUILDING & GROUNDS			
Salary	49,896	56,838	(6,942)
Salary Part Time	8,600	2,992	5,608
Overtime	500		500
Payroll Taxes	4,513	4,577	(64)
Hospitalization	21,000	33,272	(12,272)
Other Fringe Benefits	2,000	2,640	(640)
Employee Insurance	2,658	1,413	1,245
Operating Supplies and Expen	5,000	5,662	(662)
Telephone		1,272	(1,272)
Gasoline	5,000	5,747	(747)
Electricity	3,600	3,565	35
Heating	12,000	3,473	8,527
Repairs and Maintenance	1,000	1,175	(175)
Equipment Maintenance	4,000	4,180	(180)
Rental Alarm	-		-
Equipment	24,706	29,711	(5,005)
	\$ 144,473	\$ 156,517	\$ (12,044)

CHARTER TOWNSHIP OF ROYAL OAK
GENERAL FUND STATEMENT OF EXPENDITURES
OPERATING BUDGET AND ACTUAL
For the Year Ended December 31, 2007

	Budget	Actual	Favorable (Unfavorable)
COMMUNITY DEVELOPMENT			
Code Enforcement Officer	28,420	24,684	3,736
Payroll Taxes	2,174	1,808	366
Unemployment Compensation	200	586	(386)
Hospitalization			-
Employee Insurance			-
Contractual Services/Legal			-
Office Supplies		30	
Membership Dues	1,000	680	320
Gasoline	2,000	945	
Maintenance Renovations	-	1,177	(1,177)
Water Charges			-
TOTAL ADDED NEEDS	33,794	29,910	2,859
INSPECTION			
Inspection	25,673	44,670	(18,997)
Operating Supplies and Expense	500		500
Membership Dues	500	125	375
Miscellaneous Expense	500	263	237
TOTAL INSTRUCTIONAL SERVICES	27,173	45,058	(17,885)
CDBG GRANT			
Planning			-
Parks			-
Tree Planting			-
Condemnation/Demolition			-
Code Enforcement			-
Public Safety Transportation	8,437		8,437
Public Service			-
TOTAL SUPPORTING SERVICES	8,437	-	8,437
SENIOR CENTER	130,902	124,479	6,423
TRANSFERS	-	-	-
TOTAL EXPENDITURES	\$ 1,298,483	\$ 1,516,933	\$ (233,527)

CHARTER TOWNSHIP OF ROYAL OAK
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2007

	Police	Fire	Recreation	Street Lighting	Disposal System	Library	Community Development	
							Block Grant	Combined Total
ASSETS								
Cash	\$ 1,729	\$ 640	\$ 14,971	\$ 4	\$ 112	\$ 14,929	\$ 142	\$ 32,527
Taxes Receivable	526,975	451,693	151,812	30,113	94,103	85,534		1,340,230
Accounts Receivable	761						30,980	31,741
Prepaid Expenses		37,040						37,040
Due from Other Funds	61,759	98,323	68,596	74,326	62,567	35,421		400,992
TOTAL ASSETS	\$ 591,224	\$ 587,696	\$ 235,379	\$ 104,443	\$ 156,782	\$ 135,884	\$ 31,122	\$ 1,842,530
LIABILITIES AND FUND EQUITY								
LIABILITIES								
Accounts Payable	\$ 65		\$ 5,410		\$ 6,153	\$ 283	\$ 5,593	\$ 17,504
Due to Other Funds	64,980		34,000	-	20,201	4,479	25,387	149,047
Deferred Revenues	526,975	451,693	151,813	30,113	94,103	85,534		1,340,231
TOTAL LIABILITIES	\$ 592,020	\$ 451,693	\$ 191,223	\$ 30,113	\$ 120,457	\$ 90,296	\$ 30,980	\$ 1,506,782
FUND EQUITY								
Fund Balances	(796)	136,003	44,156	74,330	36,325	45,588	142	335,748
TOTAL LIABILITIES AND FUND EQUITY	\$ 591,224	\$ 587,696	\$ 235,379	\$ 104,443	\$ 156,782	\$ 135,884	\$ 31,122	\$ 1,842,530

CHARTER TOWNSHIP OF ROYAL OAK
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
December 31, 2007

	Police	Fire	Recreation	Street Lighting	Disposal System	Library	Community Development Block Grant	Combined Total
REVENUES								
Local Sources								
Taxes	\$ 504,560	\$ 432,480	\$ 99,563	\$ 28,832	\$ 90,100	\$ 82,035		\$ 1,237,570
Other Local Sources	16,085	657	12,531	6	373	23,707		53,359
State Sources								
State Aid and Grants						1,127		1,127
Federal Sources								
Federal Grants							36,572	36,572
TOTAL REVENUES	520,645	433,137	112,094	28,838	90,473	106,869	36,572	1,328,628
EXPENDITURES								
Public Safety	623,301	434,331					27	1,057,659
Public Works				43,383	107,592			150,975
Recreation and Culture			161,686			102,794	36,572	301,052
TOTAL EXPENDITURES	623,301	434,331	161,686	43,383	107,592	102,794	36,599	1,509,686
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(102,656)	(1,194)	(49,592)	(14,545)	(17,119)	4,075	(27)	(181,058)
Other Financing Sources								
Interfund Transfers	10,232	(40,000)						(29,768)
Fund Balance, January 1, 2007	91,628	177,197	93,748	88,875	53,444	41,513	169	546,574
Fund Balance, December 31, 2007 \$	(796)	\$ 136,003	\$ 44,156	\$ 74,330	\$ 36,325	\$ 45,588	\$ 142	\$ 335,748

CHARTER TOWNSHIP OF ROYAL OAK
COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET
AND ACTUAL - SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2007

	Special Revenue Funds		
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Local Sources			
Taxes	\$ 1,218,518	\$ 1,237,570	\$ 19,052
Other Local Sources	70,075	53,359	(16,716)
State Sources			
State Aid and Grants	3,900	1,127	(2,773)
Federal Sources		36,572	36,572
TOTAL REVENUES	1,292,493	1,328,628	36,135
EXPENDITURES			
Public Safety	954,092	1,057,659	(103,567)
Public Works	120,552	150,975	(30,423)
Recreation and Culture	207,372	301,052	(93,680)
TOTAL EXPENDITURES	1,282,016	1,509,686	(227,670)
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	10,477	(181,058)	(191,535)
OTHER FINANCING SOURCES (USES)			
Operating Transfers In		39,198	39,198
Operating Transfers Out		(68,966)	68,966
TOTAL OTHER FINANCING SOURCES (USES)	-	(29,768)	108,164
EXCESS (DEFICIT) REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 10,477	\$ (210,826)	\$ (83,371)

**CHARTER TOWNSHIP OF ROYAL OAK
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
December 31, 2007**

	COPS Grant	Jacoboni	Total
ASSETS			
Cash	\$ -	\$ -	\$ -
Due from Police Fund	\$ 28,966		\$ 28,966
Taxes Receivable			-
TOTAL ASSETS	\$ 28,966	\$ -	\$ 28,966
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 28,966	\$ -	\$ 28,966
Due to Other Funds	-		-
Deferred Revenues			0
FUND EQUITY	(0)	-	(0)
TOTAL LIABILITIES AND FUND EQUITY	\$ 28,966	\$ -	\$ 28,966

CHARTER TOWNSHIP OF ROYAL OAK
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2007

	COPS Grant	Jacoboni	Total
REVENUES			
Property Tax Levy	\$ -	\$ 123,337	\$ 123,337
Interest			-
Other			-
TOTAL REVENUES	-	123,337	123,337
EXPENDITURES			
Principal Payments	28,122	103,925	132,047
Interest	844		844
Fees and other			-
TOTAL EXPENDITURES	28,966	103,925	132,891
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(28,966)	19,412	(9,554)
OTHER FINANCING SOURCES (USES)			
Transfers In/Out	28,966	(24,198)	4,768
TOTAL OTHER FINANCING SOURCES	28,966	(24,198)	4,768
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	(0)	(4,786)	(4,786)
FUND BALANCES, January 1, 2007	-	4,786	4,786
FUND BALANCES, December 31, 2007	\$ (0)	\$ -	\$ (0)

CHARTER TOWNSHIP OF ROYAL OAK
COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET
AND ACTUAL - DEBT SERVICE FUNDS
For the Year Ended December 31, 2007

	Debt Retirement Funds		
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Local sources			
Taxes	\$ -	\$ 123,337	\$ 123,337
Other local sources			-
State sources			
State aid, unrestricted			
Restricted grants			
Federal sources			
TOTAL REVENUES	-	123,337	123,337
EXPENDITURES			
Principal payment		132,047	(132,047)
Interest and other		844	(844)
Payment of escrow agent			
Other payments			-
TOTAL EXPENDITURES	-	132,891	(132,891)
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	-	(9,554)	(9,554)
OTHER FINANCING SOURCES (USES)			
Proceeds from state loan			
Operating transfers in/out		4,768	4,768
TOTAL OTHER FINANCING SOURCES (USES)	-	4,768	4,768
EXCESS (DEFICIT) REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ -	\$ (4,786)	\$ (4,786)

CHARTER TOWNSHIP OF ROYAL OAK
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended December 31, 2007

	Balance Jan 1, 2007	Additions	Deductions	Balance Dec. 31, 2007
TRUST AND AGENCY				
ASSETS				
Cash	\$ 171,786	\$ 121,097	\$ 250,168	\$ 42,715
Due From Other Funds	0	11,193		\$ 11,193
Total Assets	\$ 171,786	\$ 132,290	\$ 250,168	\$ 53,908
LIABILITIES				
Escrow Deposits	\$ -	\$ -	\$ -	\$ -
Due to Other Governmental Uni	-			-
Due to Other Funds	150,762	98,741	195,595	\$ 53,908
Trust Account	21,024	5,293		26,317
Total Liabilities	\$ 171,786	\$ 104,034	\$ 195,595	\$ 80,225
PAYROLL				
ASSETS				
Cash	\$ 168	\$ 416,037	\$ 416,205	\$ -
Due From Other Funds	-			-
Total Assets	\$ 168	\$ 416,037	\$ 416,205	\$ -
LIABILITIES				
Due to Other Funds	\$ 168	\$ 416,037	\$ 416,205	\$ -
Other Liabilities	-			-
Total Liabilities	\$ 168	\$ 416,037	\$ 416,205	\$ -

CHARTER TOWNSHIP OF ROYAL OAK
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended December 31, 2007

	Balance Jan. 1, 2007	Additions	Deductions	Balance Dec. 31, 2007
TAX COLLECTION				
ASSETS				
Cash	\$ 3,783	\$ 3,455,662	\$ 3,429,345	\$ 30,100
Due From Other Funds	114,953	107,512	58,006	164,459
Total Assets	\$ 118,736	\$ 3,563,174	\$ 3,487,351	\$ 194,559
LIABILITIES				
Due to Other Funds	\$ 114,953	\$ 69,006	37,882	\$ 146,077
Undistributed Tax Collections	3,783	3,564,636	3,519,937	\$ 48,482
Total Liabilities	\$ 118,736	\$ 3,633,642	\$ 3,557,819	\$ 194,559
COMBINED AGENCY FUNDS				
ASSETS				
Cash	\$ 175,737	\$ 3,992,796	\$ 4,095,718	\$ 72,815
Due From Other Funds	\$ 114,953	\$ 118,705	\$ 58,006	\$ 175,652
Total Assets	\$ 290,690	\$ 4,111,500	\$ 4,153,724	\$ 248,467
LIABILITIES				
Escrow Deposits	\$ -	\$ -	\$ -	\$ -
Due to Other Governmental Units	-	-	-	\$ -
Due to Other Funds	265,883	583,784	649,682	199,985
Trust Account	21,024	5,293	-	26,317
Undistributed Tax Collections	3,783	3,564,636	3,519,937	48,482
Total Liabilities	\$ 290,690	\$ 4,153,713	\$ 4,169,619	\$ 274,784

RC JONES & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

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(734) 284-9779
Fax: (734) 284-2237

June 30, 2008

Charter Township of Royal Oak
21131 Garden Lane
Ferndale, MI 48220

Dear Supervisor and Trustees:

In planning and performing our audit of the financial statements of the Charter Township of Royal Oak for the year ended December 31, 2007, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the organization's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Block Grant Funds-- Several Block Grant funds were established to help maintain ledgers and have revenues and expenses posted properly. However, these funds were not used during the audited year. We strongly recommend that Block Grant transactions be posted in the proper fund and that the township adopt a budget for the Block Grant Funds.

Budget – The budget is the legal authorization to spend. Therefore the actual expenditures should be within the budget amounts. In several area the township over expended the budget amount. Efforts should be made to stay within the budget amounts during the year or the budget should be amended.

Deficits – The Police Fund and DDA have deficits as of December 31, 2007. Even though these deficits are small they should be corrected.

This report is intended solely for the information and use of the Charter Township of Royal Oak, its Board of Trustees, Supervisor and others within the Township and is not intended to be and should not be used by anyone other than these specified parties.

If you have any further questions regarding these comments and recommendations, please feel free to contact us.

Sincerely,

A handwritten signature in black ink that reads "R C Jones & Co." in a cursive, slightly stylized font.

RC JONES & CO.